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SUBJECT: 11/6 MFA PRESS BRIEFING: U.S. ELECTION/WHITE HOUSE  
TRANSITION, TAIWAN, SIX PARTY-TALKS, TRADE DEFICIT, SED, G-20  
SUMMIT, OTHER ISSUES

11. Key points at the November 6 afternoon MFA press briefing were:

-- China's leaders have congratulated President-elect Obama on his victory and China will work to help ensure smooth bilateral relations during the transition to the next administration.

-- Taiwan is the most sensitive of the U.S.-China bilateral issues, and proper handling of the issue is the "political foundation for U.S.-China relations."

-- China acknowledges the U.S.-China trade deficit, but China and its currency policy are not to blame.

-- China hopes for the long-term institutionalization of the Strategic Economic Dialogue.

-- The industrialized countries should promote the development of a "fair, reasonable and inclusive" international financial system.

-- China has always believed that the creation of a global missile defense system is "not good" for strategic balance and mutual trust

#### White House Transition and U.S.-China Relations

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12. Asked about the recent election of Barack Obama as the next President of the United States, MFA Spokesperson Qin Gang responded that China's leaders had sent their congratulations to the President-elect. He said that China attaches great importance to U.S.-China relations and that China is willing to help ensure smooth bilateral relations during the transition. China is maintaining a "positive" attitude on the next administration.

13. Qin said that strong U.S.-China relations are in the interest of both countries and the world, and that the two sides cooperate on emerging challenges such as the financial crisis, energy and food security, climate change and non-proliferation. The two sides have "scored major achievements" through cooperation. China is prepared to strengthen mutual trust and cooperation with the next administration to "properly handle some sensitive issues."

#### Taiwan

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14. The most sensitive U.S.-China issue, Qin said, is Taiwan. China hopes the United States will oppose Taiwan independence and adhere to the Three Joint Communiqués and the "one-China Principle." He added that the proper handling of the Taiwan issue is the "political foundation for U.S.-China relations."

#### Currency Policy

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15. In response to a question on whether China expects the Obama Administration to increase pressure on China to allow the renminbi (RMB) to appreciate, Qin stated that the goal of China's currency policy is to realize a floating exchange rate according to market mechanisms, but that China's policy must be in the interest of China and of the world economy. He said the growth of U.S.-China trade in the last thirty years has been beneficial for the United States as well as China, and encouraged critics of China's currency policy to "understand trade correctly." He acknowledged the trade deficit China enjoys with the United States, but said that China and its currency policy are not to blame. He added that China welcomes further imports and investment from the United States, and said that the United States should lift export protections on more high-technology items to improve the balance of trade. He said that the exchange rate of the RMB is not rigid and the currency has appreciated over the last few years.

SED/G-20  
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16. Responding to a question on President Obama's possible participation in the up-coming Strategic Economic Dialogue (SED), Qin said that the SED is very important to China and he hopes for the long-term institutionalization of the mechanism. Asked if President Hu Jintao will meet Obama at the November 15 G-20 summit in Washington, Qin said that specific arrangements are under discussion. He expressed hope that the U.S. free trade policy would continue given its mutually beneficial contribution to both countries.

IMF Proposal on the G-8

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17. Asked about a recent IMF proposal to expand the G-8 to include more countries, including China, Qin said that the international community must work together to deal with the current economic crisis given its global nature. In the long-term, the international financial system should be reformed to ensure long-term development of the world economy. To realize this reform, Qin said, requires "full and democratic" consultations among stakeholders, especially given the increasing importance of developing countries in the world economy. The developed world should not reduce assistance to developing countries as a result of the current crisis and should promote the development of a "fair, reasonable and inclusive" international financial system. On the G-8 proposal, Qin asserted that China plays an important role in the world economy, and expressed hope that the G-8 would consider the needs of all developing countries.

Ambassador's IPR Roundtable  
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18. On the Ambassador's up-coming IPR roundtable, Qin said he was unaware of the event, but said that China takes the protection of IPR seriously and the issue forms an important part of U.S.-China cooperation. He said that China is aware of U.S. concerns over IPR in China, noting that China has taken measures to strengthen IPR enforcement.

Six-Party Talks  
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19. Asked how China will maintain progress on the Six-Party process during the upcoming transition in Washington, Qin said that China believes the next administration will have views on the Six Party talks similar to the current administration, adding that China is ready to continue consultations with the United States and will "listen to U.S. suggestions and ideas" on moving forward.

India  
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110. Asked about recent reports that the Indian Foreign Minister

recently called China a new strategic challenge to India, Qin said that China's development is peaceful, and that both Chinese and Indian leaders agree that China and India are partners and not rivals.

#### Bangladesh/Burma Conflict

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¶11. Asked what role China would play amid rising tensions between Bangladesh and Burma, Qin said that China has noted the dispute. China is a good neighbor and has an important role to play in the region. He expressed hope that the two sides would maintain stability and resolve the conflict through consultations.

#### Ma Ying-jeou/Chen Yunlin Meeting, Dalai Lama

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¶12. Asked if Chen Yunlin's meeting with Ma Ying-jeou in Ma's capacity as President constitutes a recognition of Ma's role as the "President of Taiwan," Qin referred the questioner to the Taiwan Affairs Council.

¶13. Qin also declined to answer a question about meetings between the Dalai Lama's representatives and the Chinese government, stressing that the Foreign Ministry does not handle the issue.

#### Russia Missile Deployment

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¶14. On China's views on Russia's announcement that it will deploy missiles to Kaliningrad, Qin said that China has always believed that the creation of a global missile defense system is "not good" for strategic balance and mutual trust. He added that the "relevant country" should consider the "other country's" concerns.

#### Embassy-Sponsored Mock Election Event

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¶15. Asked for a comment on the Embassy's mock election outreach event held on Election Day, given that Chinese are not able to vote for their own leadership, Qin said he was unaware of the event, but added that most Chinese citizens "have more important things to worry about." He added that Chinese had numerous television programs available to them on the election.

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